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ABSTRACT

The 1978 amendments to the Age Discrimination in Employment Act (ADEA) provide older workers with the option of extending their worklives as a means of meeting the financial requirements of their later years. As part of a larger study funded by the Administration on Aging, DHEW, the degree to which inflation and ADEA was expected to impact workers' retirement decisions was analyzed. In a nation-wide sample, over 1600 employers responded to mailed questionnaires and telephone interviews seeking information on how they expected their firms and employees to be affected by ADEA. Data indicated that employers almost universally predicted minimal immediate impacts from the ADEA amendments, including no radical departures from past retirement patterns. The potential impacts of inflation, however, generated very different responses. With continued high inflation, 80% of respondents predicted widespread delayed retirement among workers. Patterns of responses indicated that these expectancies varied by geographic region and industry, suggesting that inflation may well promote structural problems within the economy. Overall, results indicated that the importance of ADEA lies not in the impacts it will directly promote, but rather in the increased latitude available to workers in their adjustments to other phenomena. (Author)

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ADEA, INFLATION, AND THE RETIREMENT DECISION

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INTRODUCTION

The past 30 years have witnessed two distinct patterns in the approaches of American workers to retirement. Now, events of the 1970's seem to have paved the way to yet a third. This chapter reports early investigation into whether the American worker of 1979 has in fact adopted an orientation to retirement which differs from that of the recent past, as perceived through the eyes of employers.

The timing of retirement in the 1950's was largely determined by the individual worker's ability to remain on the job. In this context, early retirement was occasioned not so much by the desire to cease work as by the worker's inability to maintain employment. Poor health was highly associated with early retirement, as were other factors which precluded continued work.

Through the 1960's and into the early 1970's, a different set of circumstances became increasingly associated with early retirement. With expanded pension coverage and with higher living standards, older workers were increasingly able to address early retirement as a matter of personal preference. By the end of the 1960's, early retirement (before age 65) had become the norm rather than the exception among older workers.

More recently, however, two factors developed which may be leading to a new pattern of retirement in this country: continued high rates of inflation, and the 1978 amendments to the Age Discrimination in Employment Act (ADEA).

Inflation

Retirement has long been characterized as a period of dissavings, where the resources accumulated during the worklife are redefined as an income source and diminished accordingly in order to supplement Social Security and pension income, as applicable. While Social Security benefits are indexed to changes in the cost of living, pension income and personal savings are typically not. Accordingly, the impact of inflation on income streams derived from pension coverage and from personal resources is clear and inevitable: their value declines over time, as must the retiree's standard of living. Where inflation exists at low levels or for short time periods, the long-term effect on fixed incomes may be negligible; where it exists, however, at high rates and for extended time frames, the impact can be devastating. Unfortunately, the latter case has prevailed in recent years.

It is reasonable to anticipate that continued inflation will at some point be recognized by older workers as they address their retirement, and that widespread retirement practices will accordingly be modified. As mentioned above, early retirement has for years been associated with financial well-being: in this sense, early retirement has resembled an income-elastic consumer good like steak, which is purchased in higher quantities by those with higher incomes. Inflation, however, lowers both the present and future values of fixed income streams, in essence diminishing the wealth of current older workers. To the extent that today's older worker perceives this lessening of asset value, it is reasonable to predict that the inclination to retire early will diminish. In short, inflation should influence workers to remain on the job longer.

ADEA Amendments

Against this backdrop, the 1978 ADEA Amendments were introduced to Congress and passed into law. Originally drafted in an attempt to end the practice of involuntary retirement, the ADEA Amendments also barred the mandatory retirement of most workers before the age of 70. Among a number of other impacts, then, this legislation permitted workers to react to inflation by postponing their retirement to a much greater extent than was previously possible. While the majority of retirements were at that time taking place prior to the deadlines set by most mandatory retirement provisions, the ADEA amendments availed an additional five years of employment to a large minority of American workers.

Overall, these two circumstances--inflation and the 1978 ADEA Amendments--have made it possible for a new approach to later retirement to take shape. Both developments, however, are of recent derivation; the earliest implementation of the ADEA amendments, for example, have been in force for less than a year at this writing. As a result, while it can be posited that these developments should lead to a lengthening of the work life, it is difficult to determine whether in fact they will.

SAMPLE

The sample upon which these analyses are based was developed under contract by Dun and Bradstreet, Inc. Two samples were generated.

The first sample consists of 5000 randomly selected firms with 20 or more employees. To each firm was sent a 14-page questionnaire. Non-respondents were sent a follow-up postcard two weeks after the initial mailing, and a second follow-up postcard six weeks after the initial mailing.

1336 firms responded to the questionnaire, employing a total of approximately 495,000 workers.

The second sample consists of 256 firms with 500 or more workers, randomly selected by Dun and Bradstreet, Inc. from their files subject to size constraints. Each employer was contacted by telephone for interview by Dun and Bradstreet personnel. These firms employ an approximate total of 1,500,000 workers.

ANALYSES

The goal of these analyses, as noted earlier, lies in the identification and examination of retirement patterns likely to occur in the near future. In support of this goal, employers were asked to respond to several sets of questions which address the retirement plans and practices of their employees. Generally, these questions represented two lines of inquiry: anticipated retirement patterns over the next five years, and the most likely effects of continued inflation on employee retirement patterns. Each of these sets of questions was employed as the dependent variable in a distinct phase of analysis to be separately reported in the pages which follow. Within each of the research areas two data sources were employed as bases for analysis: the mail sample and the telephone sample. Each of these, too, will be separately reported.

A. ADEA and the Retirement Decision

The analyses discussed in the following pages are designed to provide an early assessment of the ADEA Amendments' short-term impacts.

1. ADEA and the Retirement Decision: Mail Survey

Retirement expectations were analyzed from the mail respondents through the use of two parallel questions, each aimed at a specific sub-set of the overall sample. Because the ADEA amendments were likely to impact those firms which previously maintained mandatory retirement practices differently than those which had no mandatory retirement policies, it was necessary to phrase questions relating to anticipated retirement patterns differently for the two groups of employers. Accordingly, the following question was addressed in the mail survey to those firms which maintained mandatory retirement policies prior to the 1978 ADEA amendments.

In the next five years what proportion of your employees in the affected age groups do you expect to work beyond your organization's mandated retirement age in 1977?
(Circle number in each column)

WHITE COLLAR WORKERS*	BLUE COLLAR WORKERS**
1 NONE	1 NONE
2 1-5%	2 1-5%
3 6-10%	3 6-10%
4 11-25%	4 11-25%
5 26-50%	5 26-50%
6 51-100%	6 51-100%
7 NO WORKERS IN AFFECTED AGE GROUPS	7 NO WORKERS IN AFFECTED AGE GROUPS

* Professional and technical, managers and administrators, sales workers, clerical.
**Craft workers, operatives, laborers, service workers. (As defined by the U.S. Department of Labor).

The following similar question was addressed to firms without mandatory retirement policies prior to 1978.

Have you previously had any employees work beyond the age of 65? (Circle number)

1 YES ——→ IF YES, approximately what percentage of employees reaching 65? _____%

2 NO
↓
IF NO, since involuntary retirement is now prohibited below age 70, in the next five years what proportion of your employees do you expect to work beyond age 65?
(Circle number in each column)

WHITE COLLAR WORKERS	BLUE COLLAR WORKERS
1 NONE	1 NONE
2 1-5%	2 1-5%
3 6-10%	3 6-10%
4 11-25%	4 11-25%
5 26-50%	5 26-50%
6 51-100%	6 51-100%

By analyzing the responses to these questions in conjunction with other characteristics of the responding firms, it is possible to identify patterns of differential retirement practices.

The telephone questionnaire contained no parallel question. It did, however, include a number of items which, while not paralleling those of the mail survey, can nonetheless enhance the overall analysis. Findings derived from the telephone data will be reported later in this section.

As described above, respondents to the mail survey were asked to indicate their expectations of how their employees would address the timing of their retirement. As a part of this data set, employers who had maintained mandatory retirement policies in 1978 were asked to indicate the proportions of white collar and blue collar employees which they expected would work past the previously mandated retirement age over the next five years. The responses given for white collar workers are summarized in Table 1.

Table 1

Predicted White Collar Reactions to ADEA in Firms With Mandatory Retirement Policies in 1978 Mail Sample

Predicting Firms	Proportion of White Collar Workers Predicted to Work Beyond the Previous Mandatory Retirement Age						
	None	1-5%	6-10%	11-25%	26-50%	51-100%	TOTAL
Percentage of Firms (N=291)	32.3%	40.2%	16.9%	4.1%	3.4%	3.1%	100.0%

It is evident from the table that most employers are not anticipating extensive changes in the retirement timing of their white collar employees. Almost one employer in three predicts that no white collar employees will avail themselves of the opportunity to work past the previous mandatory retirement age. An additional 40% predict that 5% or less of these workers will do so. Only 6.5% of the employ... responding to the survey anticipated seeing more than 25% of their affected white collar workers continue on the job past the previous mandatory retirement age.

Expectations for blue collar workers are not dramatically different from those pertaining to their white collar colleagues, as summarized in Table 2.

Table 2

Predicted Blue Collar Reactions to ADEA in Firms With Mandatory Retirement Policies in 1978 Mail Sample

Predicting Firms	Proportion of Blue Collar Workers Predicted to Work Beyond the Previous Mandatory Retirement Age						
	None	1-5%	6-10%	11-25%	26-50%	51-100%	TOTAL
Percentage of Firms (N=237)	33.8%	43.9%	11.4%	6.3%	2.5%	2.1%	100.0%

As before, it can be seen that approximately one respondent in three anticipates that no blue collar employees will work beyond the previously mandated retirement age, and that close to 40% expect only 1-5% of their blue collar employees to continue working past that point. As was the case for white collar workers, only a very small proportion of respondents (4.6%) anticipate seeing more than 25% of their blue collar workers continue working past the mandatory retirement age of 1978.

A second group of respondents, those who maintained no mandatory retirement policies in 1978, was asked a parallel set of questions which again addressed the proportions of white and blue collar employees expecting to work past the time of commonly expected retirement, age 65. This particular set of analyses differs from those reported previously in that respondents addressing these questions have had actual experience with workers' retirement decisions without the constraint of mandatory retirement provisions. Table 3 summarizes these responses as they relate to white collar employees.

Table 3

Predicted White Collar Reactions to ADEA in Firms With No Previous Mandatory Retirement Policies Mail Sample

Predicting Firms	Proportion of White Collar Workers Predicted to Work Beyond Age 65						
	None	1-5%	6-10%	11-25%	26-50%	51-100%	TOTAL
Percentage of Firms (N=547)	63.4%	28.3%	3.2%	1.5%	0.9%	2.7%	100.0%

It is readily apparent that these respondents expect even fewer of their white collar employees to work past 65 than was the case among employers who previously had maintained mandatory retirement provisions. Fully 63% expected none of their white collar workers to work past 65; this is almost double the

incidence of responses than was found among firms with previous mandatory retirement provisions (63.4% vs. 33.8%). Another 28% of the respondents expect only 1-5% of their white collar workers to continue in their jobs past the age of 65. Only 3.6% of these respondents expect more than 25% of their white collar staff to work past 65.

Again, much the same expectations prevail with respect to blue collar workers, as is reflected in Table 4.

Table 4

Predicted Blue Collar Reactions to ADEA in Firms With
No Previous Mandatory Retirement Policies
Mail Sample

Predicting Firms	Proportion of Blue Collar Workers Predicted to Work Beyond Age 65						
	None	1-5%	6-10%	11-25%	26-50%	51-100%	TOTAL
Percentage of firms (N=416)	70.8%	21.2%	3.4%	1.0%	1.0%	2.6%	100.0%

Here, close to 71% of the employers responding expect none of their blue collar workers to stay on the job past 65. As with the white collar workers, over 90% expect less than 5% of their blue collar workers to continue beyond that age. Again paralleling the white collar case, only 3.6% of all firms report anticipations of more than 25% of their blue collar employees working beyond age 65.

Overall, it is apparent from these figures that most employers are predicting a minimal impact on their staffs from the 1978 ADEA amendments. In general, it would appear that these expectations apply equally to white collar and blue collar workers. As a check on the latter conclusion, the responses of those employers responding to both the white collar and the

blue collar questions were analyzed to determine if they anticipate differential experience based on this dichotomy of job types. For the purposes of this analysis, the distinctions between previous mandatory retirement ages and the age of 65 were disregarded, in a sense equating the two. While this constitutes an admittedly licentious treatment of the data, it does allow for a broad comparison if one bears in mind the assumptions which lead to the analysis. Table 5 summarizes this analysis.

In general, it can be seen that these employers do not anticipate many differences in the retirement timing of their white and blue collar personnel. Fully 31% anticipate that no one at all will continue working past the basic age. Additionally, 59% anticipate no differences between white and blue collar groups, as is represented by the diagram. Of the 52 respondents who do expect to see different behavioral patterns between white and blue collar workers, there is little consensus as to which group is more likely to work longer. Sixty percent expect a greater incidence of continued work among white collar employees, while 40% think blue collar workers will continue more frequently. While narrowly favoring longer work lives among white collar employees, the differences manifested in the data are not sufficiently strong to rule out chance as a cause.

These figures are important for a number of reasons. With respect to the labor force represented by the sample--which is quite closely representative of the national labor force in terms of age and sex of employers--potential changes in prevailing retirement patterns do not appear to be particularly great.

Table 5

Crosstabulation: Predicted White Collar Reactions to ADEA
by Predicted Blue Collar Reactions (All Firms)
Mail Sample

Proportion of White Collar Workers Expected to Work Past Mandatory Retirement Age, Age 65 (A)	Proportion of Blue Collar Workers Predicted to Work Past Mandatory Retirement Age, Age 65 (B)						
	None	1-5%	6-10%	11-25%	26-50%	51-100%	TOTAL
None	40	12	0	0	0	1	53
1-5%	11	24	4	1	0	[illegible]	40
6-10%	2	6	6	0	0	0	14
11-25%	0	3	2	3	1	0	9
26-50%	1	0	1	2	0	2	6
51-100%	1	0	0	0	2	2	5
TOTAL	55	45	13	6	3	5	127

(N=127)
A > B 31 (24.4% of total)
A = B 75 (59.1% of total)
A < B 21 (17.5% of total)

These global results, however, could well mask more significant impacts within various subcomponents of the labor force. To assess the potential for concentrated impacts in identifiable quarters of the economy, the data reported were analyzed with an eye to identifying differential impacts between labor force subcomponents as identified by three characteristics: industry, geographic region, and size of employing firm.

Most analyses undertaken in this analytical phase draw attention to the fact that no particular differences are expected between different subgroups in the labor force.

(1) The industrial identity of the employer is not a source of differences in expectation as they related to the timing of retirement. This is true both with respect to white collar and blue collar workers. Neither among firms with a mandatory retirement age in 1978 nor among those without one do industrial classifications account for meaningful differences in anticipated retirement patterns.

(2) Similarly, the regional location of the employer contributes nothing to the explanation of differences in expected retirement patterns, regardless of the firm's mandatory retirement practices in 1978 and irrespective of the white collar/blue collar identity of the firm's labor force.

These analyses underline the fact that the impacts of the Age Discrimination in Employment Act Amendments will likely be equally distributed across the nation's labor force, with respect both to industry and region.

Organizational Size, on the other hand, is strongly related to employers' expectations. Employers with mandatory retirement policies in 1978, it will be recalled, evidenced little expectation of their workers continuing on the

job past the normal retirement age. As shown in Table 6, however, these expectations vary considerably with company size.

In general, large employers report anticipating a greater reaction among their white collar workers to the lengthened work life than do smaller employers.

The difference in expectations is particularly apparent in the incidence of respondents who expect no white collar employees to continue working. While fully 65% of the smallest employers expect no impact from the ADEA amendments, only 18% of the largest employers expect this to be the case. The general direction of this relation is clear; with the exception only of employers with 50-99 workers and those with 100-249 employees, where the direction of change is reversed, informants from larger firms predict a higher incidence of lengthened worklife than do those from smaller firms. This general relationship persists with little variation throughout the table: in general, larger organizations indicate a higher incidence of expectations of continued worklife.

An interesting variation in this pattern, however, is evident among those employers expecting 51-100% of their white collar workers to continue working. Here, the highest incidence of expectation is indicated among the smallest employers.

In all then, among firms which previously maintained mandatory retirement practices, larger firms report wider-spread anticipations of lengthened work lives among their white collar workers than do smaller firms. Among those firms anticipating change, however, informants in the smallest class of firms (20-49) expect more of their white collar employees to lengthen their work lives than do those of larger firms.

Table 6

Crosstabulation: Percentage of White Collar Employees Expected to Work Past Firm's 1978 Mandatory Retirement Age by Organizational Size (Number/Row Percentage) Mail Sample

Organizational Size (Total Number of Employees)					White Collar Workers Expected to Work Past 1978 Mandatory Retirement Age
20-49	50-99	100-249	250-499	500 & Over	
65.8%	31.4%	38.5%	22.0%	18.4%	None
21.1%	54.3%	38.5%	40.0%	43.4%	1-5%
5.3%	11.4%	12.8%	24.0%	23.7%	6-10%
0%	0%	3.8%	6.0%	6.6%	11-25%
2.6%	2.9%	2.6%	4.0%	5.3%	26-50%
5.3%	0%	3.8%	4.0%	2.6%	51-100%
38	35	78	50	76	n ROW TOTAL
100.0%	100.0%	100.0%	100.0%	100.0%	%

(N=277)
Note: Due to rounding, row percentages may not total to 100.0%

Table 7 reflects the responses of employers with mandatory retirement provisions in 1978 as they relate to blue collar workers. In general, it can be seen that, as was the case with white collar workers, larger firms generally expect a higher incidence of anticipated delay in retirement timing than do smaller firms.

While close to 60% of the smallest class of employers report expectations of no change in blue collar workers' retirement plans, only about 25% of the largest firms report this anticipation. Though not perfectly adhering to this direction of change, the three mid-sized classes generally reflect this relation, with 38.5% of employers with 50-99 workers, 40.3% of those with 100-249 employees, and only 19% of firms with 250-299 employees expecting no change at all. As with white collar workers, these relationships--larger firms expecting greater impact--tend to evidence themselves throughout the table.

Generally, then, several points make themselves apparent in the analysis of firms which enforced mandatory retirement practices in 1978. Larger firms expect the altered patterns to extend to a greater proportion of their older workers than do smaller employers; this is particularly apparent with respect to blue collar workers.

Firms without previous mandatory retirement provisions were largely not directly affected by the ADEA Amendments Of 1978. While the absence of these provisions precluded the "forced" retirement (at least as required by age restrictions) before the 1978 amendments, fully 38.6% of the respondents reported never having had an employee continue working past the age of 65. These firms were asked to respond to a pair of questions similar to those reported above. While not directly relating to a change prompted by the new ADEA regulations, these responses reflect expectations of change in retirement timing patterns.

Table 7

Crosstabulation: Percentage of Blue Collar Employees Expected to Work Past Firm's 1978 Mandatory Retirement Age by Organizational Size (Number/Row Percentage) Mail Sample

Organizational Size (Total Number of Employees)					Blue Collar Employees Expected to Work Past 1978 Mandatory Retirement Age
20-49	50-99	100-249	250-499	500 & Over	
59.3%	38.5%	40.3%	19.0%	25.4%	None
29.6%	50.0%	41.8%	54.8%	41.3%	1-5%
3.7%	7.7%	10.4%	14.3%	15.9%	6-10%
3.7%	0%	4.5%	7.1%	11.1%	11-25%
3.7%	3.8%	1.5%	2.4%	1.6%	26-50%
0%	0%	1.5%	2.4%	4.8%	51-100%
27	26	67	42	63	(n) ROW TOTAL
100.0%	100.0%	100.0%	100.0%	100.0%	(%)

(N=225)

Note: Due to rounding, row percentages may not total to 100.0%

It should be noted that these analyses are hindered somewhat by a direct association between organizational size and mandatory retirement practices. Because most larger firms reported that mandatory retirement provisions were operant in 1978, few large firms (250+) are represented in the figures to be reported. Accordingly, while firms with more than 250 employees will be included in the tabular presentations, they will not be addressed in the text.*

The expectations of these firms as they relate to white collar workers are summarized in Table 8.

As can be seen from the table, the pattern established by those respondents anticipating no changes in the timing of retirement parallels those reported earlier. While close to 70% of the smallest firms expect no changes in their employees' retirement timing, less than half the firms with 100-249 employees expect to see no change. To a greater extent than was evident earlier, however, these differences tend to manifest themselves in the expressed expectations of little change. Thus, the aggregation of those firms which expect no change with those which anticipate very little change (1-5%) virtually erases most differences among the various classes of firms (this aggregation includes 93.6% of the firms with 20-49 workers, 89.1% of those with 50-99 employees, and 89% of those employing 100-249). Evidently, there is a general tendency for larger firms to anticipate a higher incidence of lengthened worklives among their white collar workers, with 3% of the smallest employers, 5.4% of those with 50-99 workers, and 7.8% of those with

*513 firms responded to these questions. Of these 513, only 27 were of more than 250 workers. 312 firms reported having 20-49 employees, 110 firms had 50-99 workers, and 64 employed 100-249 people.

Table 8

Crosstabulation: Percentage of White Collar Employees Expected to Work Past 65 by Organizational Size (Only Firms With No Mandatory Retirement Policies in 1978 and with No History of Employees Working Past Age 65)
Mail Sample

Organizational Size (Total Number of Employees					White Collar Employees Expected to Work Past Age 65	
20-49	50-99	100-249	250-499	500 & Over		
69.9%	56.4%	48.4%	58.8%	40.0%		None
23.7%	32.7%	40.6%	35.3%	60.0%		1-5%
2.6%	5.5%	3.1%	5.9%	0%		6-10%
1.0%	2.7%	3.1%	0%	0%		11-25%
1.0%	0%	1.6%	0%	0%		26-50%
1.9%	2.7%	3.1%	0%	0%		50-100%
312	110	64	17	10	(n)	ROW TOTAL
100.0%	100.0%	100.0%	100.0%	100.0%	(%)	

Note: Due to rounding, row percentages may not total to 100.0%

100-249 employees expecting more than 10% of their older white collar workers to continue on the job past 65.

Much the same pattern evidences itself with respect to blue collar workers although, unlike the figures discussed to now, there exists no pervasive tendancy relating organizational size to expectations of continued work. These figures are presented in Table 9.

As shown in the table, considerable differences exist between the various classes of firms with respect to the incidence of altered retirement decisions by workers; in contrast, however, firms with 50-99 employees report a higher incidence of expectations that their workers will delay retirement than do the other two classes of firms (20-49 and 100-249 employees). Indeed, while only about 55% of the employers of 50-99 workers anticipate no change in the retirement timing of blue collar workers, fully 68% of those with 100-249 and 76% of those with 20-49 workers think that this will be the case.

These differences reflect themselves throughout the table, with firms of 50-99 consistently differing from the other two classes of firms, which themselves are quite similar. The pattern is particularly evident with respect to the incidence of employers who anticipate longer worklives among more than 10% of their blue collar workers. Here, less than 3% of the firms with 20-49 and 100-249 employees are represented. The same classes, however, include close to 12% of the firms with 50-99 employees.

2. <u>ADEA and the Retirement Decision: Telephone Survey</u>

As noted earlier, the telephone survey contained no questions similar to those of the mailed questionnaire discussed previously, although respondents were queried whether, in general, they expected any of their employees to work past the age of 65. Fully 86.6% of those responding to the question

Table 9

Crosstabulation: Percentage of Blue Collar Employees Expected to Work Past Age 65 by Organizational Size (Only Firms With No Mandatory Retirement Policies in 1978 and With No History of Employees Working Past Age 65)
Mail Sample

Organizational Size (Total Number of Employees					Blue Collar Employees Expected to Work Past Age 65
20-49	50-99	100-249	250-499	500 & Over	
76.1%	55.3%	68.0%	53.3%	80.0%	None
18.1%	28.9%	24.0%	46.7%	20.0%	1-5%
2.9%	3.9%	6.0%	0%	0%	6-10%
0%	5.3%	0%	0%	0%	11-25%
0.4%	2.6%	2.0%	0%	0%	26-50%
2.5%	3.9%	0%	0%	0%	50-100%
243	76	50	15	5	(n) ROW TOTAL
100.0%	100.0%	100.0%	100.0%	100.0%	(%)

(N=389)

Note: Due to rounding, row percentages may not total to 100.0%

indicated the anticipation that at least some of their workers would stay on the job past the age of 65. As was the case with the mail survey, very little variation was encountered between either geographic regions or industries (only retail trade varied significantly from the overall mean among industries, with a very low incidence of expectations of continued work past 65.) No systematic differences were encountered among these very large firms with respect to organizational size and anticipated extensions of the worklife.

Telephone respondents were additionally questioned with respect to the incidence of early retirement among their labor forces; this question addressed the reverse side of the past-65 work involvement addressed in the mailed questionnaire: employers were requested to estimate the proportion of their white collar and blue collar labor force which retire prior to the age of 65. Frequences are reflected in Table 10.

In general, it is apparent that most firms (over 87%) have had experience with early retirement, and that over 50% of the firms have had more than 10% of their employees retire early. Similar patterns are evident with white collar and blue collar workers.

As can be seen, very little variation is encountered between expectations relating to the two groups; in no case is the variation of one group from the overall incidence of responses statistically significant. This result lends indirect support to the similar retirement patterns identified for the two groups in the mailed survey.

Employers were additionally asked in the telephone survey whether they thought ADEA would affect the trend toward early retirement; 90% responded negatively. Interestingly, very little variation was encountered either between regions or industries in this pattern of responses.

Table 10

Crosstabulation: Early Retirement Experience Among
Firms Responding to the Telephone Survey
by White/Blue Collar Labor Force
Telephone Survey

Percentage of Workers Retiring Prior to Age 65		White Collar	Blue Collar	Total
0		14.1%	10.5%	12.4%
1-10		38.5%	36.0%	37.3%
11-25%		8.9%	12.3%	10.4%
26-50%		17.0%	13.2%	15.3%
51-74%		6.7%	11.4%	8.8%
75-100%		14.8%	16.7%	15.7%
COLUMN TOTAL	(n)	135	114	249
	(%)	100.0%	100.0%	100.0%

(N=249)

Note: Due to rounding, row percentages may not total to 100.0%

Overall, the results of the telephone survey lend support to the findings of the mailed survey. In both samples, few employers anticipate changes in prevailing patterns of retirement as a result of the 1978 Amendments to the Age Discrimination in Employment Act.

3. ADEA and the Retirement Decision: Discussion

Overall, this series of analyses are as interesting for similarities it identified as for the differences that were discovered. In general, it was found that the 1978 ADEA amendments will, in the minds of employers, reflect the following patterns in its impacts on the country's retirement practices.

1. Employers responding to the survey generally indicated that they perceive no wholesale movement to delayed retirement as a result of the amendments. While up to two-thirds of employers responding to the survey reported expecting that some of their workers would continue on the job past 65, the vast majority felt that only a small proportion of their workers would actually do so. Less than 10% of respondents reported expecting more than 10% of their workers to stay on the job past the age previously associated with retirement

2. Impacts will not be differentially distributed between the nation's various regions. Employers from all regions reflected very similar patterns of response to inquiried into the likely timing of their employees' retirement.

3. Impacts will not vary significantly from industry to industry. Responses of employers from each of the 10 industries identified by the Department of Commerce were generally similar, again indicating that the effects of the legislation will be similarly felt throughout the economy.

4. Impacts will likely be similarly felt among white collar and blue collar workers. Figures indicate that both groups have in the past been similarly attracted to early retirement, and employers generally reflect similar retirement patterns for the two groups in the near future.

5. Employers who maintained mandatory retirement policies in 1978 reported anticipating greater impacts than did those without previous mandatory retirement policies. It is tempting to posit that the latter, having greater experience with older workers' proclivities to remain on the job, are the more accurate of the two groups of employers, although this is a tenuous position.

6. Impacts of the legislation will be differentially felt by firms of different sizes. In general, informants in larger firms expect greater impacts than do these in smaller firms.

The amendments, then, will likely be reflected in the short-term by a very mild shift to delayed retirement, evidenced generally throughout the economy by a relatively small minority of older workers. There is no indication of a wholesale shift in the timing of workers' retirement over the next five years and there is no indication that potential reactions will be especially in evidence in particular pockets of the economy.

This pattern of findings would seem to reflect two characteristics of today's older workers and, more generally, of retirement.

First, retirement is still a desired state among American workers. The ADEA Amendments were designed to facilitate the worker's extension of worklife, and it would appear that at least in the immediate future not many workers will take advantage of the act. Among respondents contacted in the telephone sample of large firms, over 85% reported experience with

early retirement, 50% noted that over one in four of their employees retire early, and close to 25% reported that a majority of their employees retire early. In conjunction with what can only be considered a limited overall expectation of impacts from ADEA, these figures would seem to indicate that retirement remains an attractive option.

Second, at least with respect to retirement, responses would seem to indicate that today's older workers are a relatively homogeneous group. Predicted blue collar patterns are closely reflected in white collar patterns, inter-industrial differences are small, and even inter-regional differences are minimal. Overall, retirement appears to be almost universal in its allure if the almost universal pattern of predicted impacts from ADEA are a valid gauge.

B. Inflation and the Retirement Decision

The research team was additionally interested in workers' potential reactions to the high rates of inflation which have characterized the nation's economy for the past six years. Unlike other inflationary periods in recent history, this one has persisted through complete business cycles and has proven sufficiently resistant to ameliorative strategies as to have formed something of a basis for long-range planning. In this light, the ADEA amendments of 1978 assume importance in that they potentially allow workers to accumulate pension income and assets over a longer period and draw on them for a shorter time.

1. Inflation and the Retirement Decision: Mail Survey

In order to gauge the potential impact of inflation on retirement timing an item was included in the mailed instrument to address the potential effects of inflation on workers' retirement timing, as follows.

> Continued high inflation rates may result in employees choosing to remain in the labor force past early and/or normal retirement ages. If inflation continues at the present rate, what effect would you expect it to have on the retirement decisions of the older workers in your organization? Your employees would probably:
> (Circle all numbers applicable and rank the choices you think are most likely, i.e., 1 is most likely).

		RANKINGS
1	FOREGO EARLY RETIREMENT	_____
2	RETIRE AT NORMAL RETIREMENT AGE	_____
3	WISH TO CONTINUE PAST NORMAL RETIREMENT AGE	_____
4	NOT CHANGE THEIR RETIREMENT PLANS	_____
5	NO OLDER WORKERS	_____
6	OTHER, PLEASE EXPLAIN_____	_____

As noted in the item's instructions, respondents were free to select and rank as many or as few of the alternatives as they thought appropriate. In all, 1478 individuals responded to the question.

Of the six alternatives availed, only four were employed in the analyses to be reported below. Those whose first ranking indicated no experience with older workers were eliminated from analysis (130 respondents were involved). An additional 33 respondents indicated a variety of responses through the sixth option; because so few responses were associated with each of these alternatives, they too were eliminated from the analysis.

Thus, information gained from a total of 1315 respondents was employed in the analyses. This number includes those who indicated that any of the first four alternatives presented in the item would be the "most likely" means by which workers would adapt their retirement to conditions of inflation.*

*Note. The four alternative strategies for dealing with inflation employed in these analyses were developed to accomplish two tasks. The first involved chronicling the degree of change likely to be realized with respect to prevailing retirement patterns; this issue was addressed through the fourth alternative, "Not Change Retirement Plans." The other three items were developed to gain insights into the degree of change anticipated by respondents to the survey, the second aim of this question. Of concern in this question as with all survey items is the degree to which the item actually measures the dimensions for which it was intended. One way to check this is through zero-order correlational analysis of the alternatives. If the three change-oriented options correctly address possible alternative strategies, they will be negatively correlated. Additionally, the item addressing no change should be inversely related to the three change items. Below is the matrix of correlations linking the four items.

	A	B	C	D
FOREGO EARLY RETIREMENT (A)		-.300**	-.008	-.509**
RETIRE AT NORMAL RETIREMENT AGE (B)			-.275**	.219**
CONTINUE WORKING PAST NORMAL RETIREMENT AGE (C)				-.366**
NOT CHANGE RETIREMENT PLANS (D)				

**p < .001

In general, it can be seen that the three items designed to measure change are in fact negatively associated; the only exception to the general case involves "Forego Early Retirement" and "Continue Working Past Normal Retirement Age," which are virtually independent. Since no positive associations were identified, this analysis is deemed generally supportive of the items' performance in measuring desired variance. The "no change" item is found to be negatively associated with two of the three change items; the single exception involved "Retire at the Normal Retirement Age," with an association of +.219. This would indicate that many respondents tend to associate retirement at the normal retirement age with past retirement practices. The no change item, however, exhibits a stronger, negative association with "Forego Early Retirement" (R+-.509), and so vindicates the general pattern of associations, in a sense indicating that early retirement was the preponderent pattern in prevailing retirement trends. In all, this analysis of correlations is seen as supporting the item's performance in chronicling the variance for which it was intended.

While flexibility in allowing respondents to rank as many options as they thought appropriate facilitated the gathering of a broad data set, it nonetheless complicates analysis through the introduction of "missing information" to analyses reliant upon a standard number of ranked items. In order to circumvent this problem the analyses reported here will be based only on the alternatives selected by respondents as being the "most likely" strategy by which workers would adapt their retirement timing to conditions of inflation.

As was the case with the ADEA analyses which preceded, the telephone survey also addressed inflation-related responses. Analyses of the telephone data will be reported after those based on the mailed survey.

The proportions associated with each item's selection as most likely in the mailed survey are as shown in Table 11.

Table 11

Frequencies: Most Likely Reaction of Older Workers to Conditions of Continued Inflation
Mail Sample

Employees will most likely. . .	
Forego early retirement	34.2%
Retire at normal retirement age	12.5%
Wish to continue past normal retirement age	33.0%
Not change retirement plans	20.3%
Total	100.0%

(N=1315)

These figures illustrate a number of interesting expectations on the part of employers.

First, they tend to portend a reversal of earlier trends toward early retirement. Fully 79.7% of the highest rankings reflect anticipations that worklives during periods of inflation will extend past the point of early retirement. This is perhaps the most dramatic result to arise out of this series of analyses, and it stands in direct contradistinction to retirement trends traceable as far back as the mid-1960's. To the extent that the employers responding to the survey are correct, the near future--and perhaps even the present--will witness a gradual lengthening of the late life work experience for the country's labor force.

Of importance in this scenario is the ADEA's role. If workers reverse the trend to early retirement by continuing in their jobs only until the normal retirement age which prevailed prior to the ADEA amendments, the role of ADEA in facilitating the reversal would be of minimal importance. If, on the other hand, the late life work involvement will extend beyond the earlier normal retirement age, the role of ADEA as a supportive factor will be of pivotal importance. The "most likely" data lends support to worklife continuation past the normal retirement age: 33.0% of the sample cited this option as most likely. Only 20.3% thought that the reversal of the early retirement trend would extend only to the normal retirement age. These patterns would tend to lend importance to the role of ADEA in coming retirement patterns as predicted by members of this sample.

While interesting in their own right, these nationwide figures tell little about how various subcomponents of the labor force might be impacted by these recent events. In order to assess the degree to which different elements of the labor force might be differentially affected by changed retirement patterns, the data were crosstabulated with four variables

designed to represent different cross-sections of the economy: geographic region, industry, pension availability through the employing firm, and organizational size as measured by number of employees.

The pages which follow discuss these analyses.

Region

A number of factors might lead one to anticipate different patterns of response to inflation in the country's various regions. In- and out-migration among the regions, the different cost levels associated with normal living expenses in the regions, and differential unionization and industrial patterns all support expectations of differential impact on retirement patterns by inflation.

Table 12 summarizes the responses to the inflation question when respondents are classified by region.* In order to easily identify inter-regional variations, the proportions associated with the incidence of each

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*Note. Regions were aggregated according to Census Bureau definitions. Nine regions are employed in this classification system, as follows.
Region 1 (New England). Includes Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut.
Region 2 (Middle Atlantic). Includes New York, New Jersey, and Pennsylvania.
Region 3 (East North Central). Includes Ohio, Indiana, Illinois, Michigan, and Wisconsin.
Region 4 (West North Central). Includes Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas.
Region 5 (South Atlantic). Includes Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, and Florida.
Region 6 (East South Central). Includes Kentucky, Alabama, Tennessee, and Mississippi.
Region 7 (West South Central). Includes Arkansas, Louisiana, Oklahoma, and Texas.
Region 8 (Mountain). Includes Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada
Region 9 (Pacific). Includes Washington, Oregon, California, Alaska, and Hawaii.

alternative in each region were assessed in terms of variation from national figures through the following formula.

$$RV = \frac{PIJ - PIN}{PIN}$$

Here, RV denotes regional variation, PIJ represents the proportion of responses in region j citing the i^{th} alternative as most likely, and PIN is the sample-wide proportion of responses designating the i^{th} alternative as most likely. Positive values of RV denote a higher than average incidence of responses citing an alternative as most likely, while negative values denote proportions less than the sample-wide average. These figures are summarized in the table on the following page.

Perhaps the most dramatic figures in the table involve expectations of no change in retirement plans; it is clear that considerable inter-regional variation predominates.

West North Central stands alone as the potentially most stable region with respect to the predicted timing of retirement among older workers. Respondents in this region cited no change as the most likely result of inflation on workers' retirement plans with a frequency over 50% higher than the equivalent national figure. This difference is further reflected in that region's low anticipations of work past the normal retirement age, which was cited with a frequency 32% less than the national average.

The least stable regions with respect to continuity in workers' retirement plans are located in the Southeast quadrant of the country. These regions are South Atlantic, East South Central, and West South Central, where employers cited expectations of no change with frequencies 27.6%, 26.6%, and 29.6% below national levels, respectively. In each case, the low expectations of change are reflected in relatively high incidences of expecta-

Table 12

Predicted Responses to Inflation by Region
(Percentage Deviation from National Response Rate)
Mail Sample

	Employees will most likely...				
REGION	FOREGO EARLY RETIREMENT	RETIRE AT NORMAL RETIREMENT AGE	CONTINUE WORKING PAST NORMAL RETIREMENT AGE	NOT CHANGE RETIREMENT PLANS	TOTAL n / %
New England	-28.7%	-3.2%	+30.0%	+15.8%	98/ 100.0
Middle Atlantic	+3.8%	-3.2%	+6.1%	-14.8%	214/ 100.0
East North Central	-0.6%	+20.0%	-11.5%	+6.9%	253/ 100.0
West North Central	+1.5%	-6.7%	-32.4%	+50.7%	121/ 100.0
South Atlantic	+8.5%	-5.6%	+10.6	-27.6%	170/ 100.0
East South Central	-4.1%	+91.2%	-13.9%	-26.6%	67/ 100.0
West South Central	-6.7%	+0.8%	+24.8%	-29.6%	119/ 100.0
Mountain	+11.1%	-9.6%	-14.5%	+10.8%	71/ 100.0
Pacific	+4.1%	-24.8%	-0.9%	+14.8%	202/ 100.0
Total					1315/ 100.0

(N=1315)

Note: Due to rounding, row percentages may not total to 100.0%.

tions with respect to other retirement timing alternatives. Respondents in East South Central predicted retirement at the normal retirement age with a frequency over 90% higher than the national average. Employers in the South Atlantic and West South Central regions, however, tended to predict work past the normal retirement age in higher than average proportions (10.6% and 24.8% higher than the national proportion, respectively).

For the most part, respondents in the other regions conformed relatively closely to national response patterns, indicating that few inter-regional variations were expected at the time of the survey.

As noted earlier, the impact of ADEA will vary directly with the frequency with which workers continue in the labor force past the normal retirement age; it is clear that certain regions will likely be more heavily impacted in this respect than will others. Respondents in New England, for example, predicted with a frequency 30% over national averages that workers would most likely remain in their jobs past the normal retirement age, as did almost 25% of those from West South Central. Clearly ADEA will likely impact these regions most heavily. Likely to be least heavily influenced by the ADEA amendments is West North Central, where respondents predicted work past the normal retirement with a frequency less than 70% of the national average.

In all, then, there are significant differences in the predictions of respondents from the different regions. Among the most readily identifiable patterns emerging from the responses are the following.

1. In general, respondents in the Southeast Quadrant of the country (the South Atlantic, East South Central, and West South Central regions) predict least stability in retirement timing as workers react to inflation. Employers in the West North Central region anticipate the greatest stability in retirement timing.

2. Employers in New England and in West South Central predict continued work past the normal retirement age with the highest frequency. Conversely, employers in West North Central, cited above for their expectations of stable retirement patterns, cite continued work with lower frequency than do those in other regions.

Industry

Because of differences in worker characteristics, in prevailing pay and fringe packages, and in patterns of job types, it is reasonable to anticipate that ADEA will differentially impact workers in the various industries.

The table on the next page reflects responses to the inflation item when classified according to industry.* It should be noted that two industrial classifications--Agriculture and Mining--evidence very low sample sizes. Accordingly, these two industrial categories were deleted from analysis, although retained in the tabular presentations in support of average national figures. As with the assessment of inter-regional differences reported above, the frequencies associated with each alternative in each industry were assessed in terms of variation from national averages. These figures are presented in Table 13.

Immediately apparent with respect to anticipated changes in retirement plans is the fact that considerably less variation is encountered between industries than was the case between regions. With Agriculture and Mining deleted due to low sample sizes, the greatest variation from national

*Note. Industry designations were taken from the Standard Industrial Classification system and applied to the one-digit level of specificity. Professional and non-professional services were combined.

Table 13

Predicted Responses to Inflation by Industry
(Percentage Deviation from National Response Rate)
Mail Sample

STANDARD INDUSTRIAL CLASSIFICATION	Employees will most likely... FOREGO EARLY RETIREMENT	RETIRE AT NORMAL RETIREMENT AGE	CONTINUE WORKING PAST NORMAL RETIREMENT AGE	NOT CHANGE RETIREMENT PLANS	n
Agriculture	31.6%	20.0%	-9.1%	-50.7%	20
Mining	9.6%	0%	-24.2%	23.2%	8
Construction	-4.7%	51.2%	-17.0%	3.9	95
Manufacturing: Non-Durable	9.6%	-16.8%	0.9%	7.4%	48
Manufacturing: Durable	0.6%	-18.4%	-0.6%	11.8%	256
Transportation, Communication, Utilities	22.2%	60.0%	- 39.4%	- 10.3%	55
Wolesale Trade	4.7%	-6.4%	6.1%	-13.8%	120
Retail Trade	-12.3%	4.8%	9.7%	3.4%	229
Finance, Insurance, Real Estate	0%	12.0%	-4.2%	-0.5%	114
Services	1.2%	-13.6%	4.8%	-1.5%	370
Total					1315

(N=1315)

figures is less than 15%. In general, it does not appear that the effects of inflation on previously-developed retirement plans will impact differentially on the different industries.

Industrial boundaries do, however, reflect prominently in the degree to which respondents rate the likelihood of the three change-related options.

Transportation, Communication and Utilities dramatically exceeded the national average in citing the foregoing of early retirement as workers' most likely response to inflation (by 22.2%). Respondents in this industry cited retirement at the normal retirement age with frequencies exceeding the national average by 60%, while the frequency with which predictions of work past the normal retirement age were made was almost 40% below the sample-wide level.

This general pattern was also evidenced in the Construction industry. There, retirement at the normal retirement age was cited as the most likely timing option with a frequency 50% over the national average, while continued work past the normal retirement age was cited with less frequency than was the overall case.

Interestingly, in no industry did respondents anticipate with considerably higher than average frequency that workers would most likely continue in their jobs past the normal retirement age. The greatest variation from the overall mean involved Transportation, Communication, and Utilities where respondents cited this option as most likely with a frequency 39.4% below the national average. In general, then, inter-industrial differences in employers' expectations as they relate to inflation's impact on retirement timing are of considerably less magnitude than was identified between regions. Inter-industrial differences may be summarized as follows.

1. With Agriculture and Mining eliminated from consideration due to small sample sizes, no industry varies from the national average by more than 15% in predicting unchanged retirement patterns. A number of differences, however, are apparent with respect to predictions of the various change options.

2. Employers in the Transportation, Communications, and Utilities industries cited continued work past the normal retirement age with a frequency 39.4% under the national average. No industry was considerably above the overall incidence of citing this option as most likely.

3. Retirement at the normal retirement age was predicted by employers in Construction and in Transportation, Communication, and Utilities at a rate over 50% higher than the national average.

4. The foregoing of early retirement was cited by employers in Transportation, Communications and Utilities 22% more frequently than the overall average incidence.

Thus, while no industry can be anticipated to evidence an unusually high incidence of employees working past the normal retirement age, it is reasonable to expect that different patterns will emerge in certain industries with respect to retirement at earlier ages.

Pension

The existence of a pension in retirement has been shown to be a significant predictor both of perceived well-being and, more directly, of income. Because of its impacts on income, it was anticipated that the incidence of pensions would relate inversely to predicted tendencies away from early retirement, and would relate directly to the incidence of predicted stability in retirement plans. Table 14 summarizes variation from sample-wide

incidence of each response by pension availability. It can be seen that those employers offering no pensions to their workers predict with a higher frequency that their workers will stay on the job past normal retirement than do those with pensions. This is consistent with the researchers' expectations as described above. The fact that there is virtually no difference between employers with and without pensions in predictions of unchanged retirement plans is an interesting finding.

Table 14

Predicted Responses to Inflation by Pension Availability
(Percentage Deviation from National Response Rate)
Mail Sample

	Pension	
	Yes	No
Forego Early Retirement	+5.3	-6.5
Retire at the Normal Retirement Age	+8.7	-11.8
Continue Working Past Normal Retirement Age	-8.8	+11.2
Not Change Retirement Plans	0	+0.5
(N=1291)		

Overall, the most interesting finding in this analysis lies in the fact that incidence of pension availability does not result in significant differences in employers' predictions of their workers' retirement plans.

Organizational Size

Response patterns for each employer size class in terms of variation from the pattern of responses for the sample as a whole are reported in Table 15. It is clear from the table that no linear association exists between organizational size and the incidence with which any of the four options are selected. Rather, firms in the mid-range size classes tend to

differ most greatly from firms in the polar size groups. The smallest and the largest sized employers tend overall to have reacted similarly to the four alternative responses.

Table 15

Crosstabulation: Predicted Responses to Inflation
by Organizational Size
(Percentage Deviation from National Response Rate)
Mail Sample

	Organizational Size					
	20-49	50-99	100-249	250-499	500+	Total
Forego Early Retirement	-1.2	-7.2	7.5	4.3	0	--
Retire at the Normal Retirement Age	8.8	-20.0	-13.6	0.8	34.4	--
Continue Working Past Normal Retirement Age	-3.4	18.9	1.2	-17.7	-12.8	--
Not Change Retirement Plans	2.5	-6.4	-6.4	20.3	0	--
(N=1256)						

The alternative reflecting continued work beyond the normal retirement age is a good example of the associations reflected in the data. Here, those firms with from 50 to 99 employees most strongly endorse continued work as the inflation-related response most likely to be reflected in worker retirement practices; the incidence with which they cite this option is considerably above that of the smallest firms surveyed (20-49) and all larger classes. The two largest classes of employers are considerably below the sample average in the frequency with which they cite this alternative as most likely. Retirement at the normal retirement age is cited as most likely by the largest firms (500+) with a frequency of 34% above the sample-wide average, and may reflect the higher incidence

of post-retirement supports among large firms. Interestingly, stability of workers' retirement plans is most frequently predicted by firms with from 250-499 employees, all other classes of firms hover at the sample-wide mean in the incidence of this prediction.

Overall, the absence of clear, linear associations between company size and retirement-related reactions to inflation is noteworthy in itself, and is indicative of the complex forces which will likely influence retirement timing in the near future. These will be briefly discussed in the pages which follow.

2. Inflation and the Retirement Decision: Telephone Survey

In a parallel effort to gain telephone respondents' assessments of the impacts of inflation on employees' retirement plans, the following question was posed to each informant. (Instructions to the telephone interviewers are in capital letters and in parentheses.)

> Continued high inflation rates may result in employees choosing to remain in the labor force past early and/or normal retirement ages. If inflation continues at the present rate, what effect would you expect it to have on the retirement decisions of the older workers in your organization.
>
> Would they...
>
> | | |
> |---|---|
> | Forego Early Retirement | 1 |
> | Retire at Normal Retirement Age | 2 |
> | Wish to Continue Past Normal Retirement Age | 3 |
> | Not Change Their Retirement Plans | 4 |
> | (DO NOT READ) No Older Workers | 5 |

While similar to the question presented to the mail respondents, rather than ranking the alternatives in the perceived order of likelihood,

A significant difference is evident between the two sets of respondents with respect to their predictions of work past the normal retirement age. While only 33% of the mail informants cited this alternative as most likely, fully 62% of those in the telephone sample reported this expectation. This is a very real difference and a puzzling one. One possible explanation could be ventured. The phone survey involved large firms, while in the mail survey many of the companies were quite small and few very large firms were contacted. This difference in size could be reflected in a higher incidence of "hearsay" and "grapevine" reactions among informants representing larger firms, though this is at best a tenuous explanation.

This pattern of responses is remarkably stable among the sample's various sub-sets. No statistically significant differences are encountered between groups in the incidence of predicted work past normal retirement when the sample is classified by prior mandatory retirement policies, by whether employees have been surveyed for retirement preferences, by pension availability, by industry, or by organizational size.

Additionally, among those regions with 20 or more respondents (East South Central, Mountain, and Pacific regions were represented in the phone sample by 11, 8, and 18 respondents, respectively), only one region deviates significantly from the overall proportion of respondents citing work past normal retirement as the most likely response of workers to continued inflation. Respondents from New England cited this probability much less frequently than the national average (39.1% and 62.2%, respectively), favoring stability of existing retirement plans accordingly.

In general, then, the overwhelming majority of employers predict that long-term inflation <u>will</u> lead to alterations in the retirement practices of their workers.

3. <u>Inflation and the Retirement Decision: Discussion</u>

The analysis of retirement-related responses to inflation in general revealed a patterns of responses which stands in marked contrast to those cited earlier with respect to ADEA. Some of the more important findings are summarized below.

1. Under conditions of continued inflation, employers predict extended worklives. Eighty percent of the study's informants predicted that their workers' retirement plans would change. In these predictions, the incidence of early retirement would lessen, and more workers would avail themselves of the opportunity to work beyond the age normally associated with retirement.

2. Different regions of the country will feel the effects of the lengthened worklife to different extents, per informants' predictions. Respondents from the southeast quadrant of the country predicted the highest incidence of potential changes in workers' retirement plans, while those from the West North Central region predicted stability in retirement plans with the highest frequency.

3. Inflation will also differentially impact different industries, although the differences identified here are weaker than those separating regions. Here, the pattern identified in the data is one of general homogeneity between different industries, subject to limited numbers of deviations by one or more sectors. Respondents from Construction and from the Transportation, Communications and Utilities industries, for example, predict with high frequency the likelihood of retirement at the normal retirement age, and these predictions in turn reflect in a relatively low incidence of predicted work past that age. Among those industries with more than 30 respondents, however, general agreement exists with respect to the likelihood of changes in retirement practices.

4. Pension availability is not significantly associated with predicted responses to inflation, although there is a higher incidence of predicted work past normal retirement among employers without pension coverage.

5. Organizational size is associated with different patterns of predicted responses to inflation, but no pervasive, direct association exists. Large firms (500+ employees) and small companies (20-49) share a general pattern of responses which emphasizes retirement at the normal retirement age. Firms with 50-249 employees tend away from retirement at the normal retirement age, and those with 50-99 workers are unusually frequent in predicting work past normal retirement. Firms with from 250 to 499 employees anticipate general stability in retirement plans.

C. ADEA, Inflation and the Retirement Decision: Discussion

The pages which have preceded have presented a large number of figures pertaining to a wide range of analytical focuses. In light both of the breadth and length of the analytical discussions, it seems appropriate to end the presentation with a general discussion of the analyses' findings, and some implications which might be derived from the analyses. The discussion will be presented in three segments. The first will address the retirement-related issues dealt with in the early phases of the section. The second will be oriented to the inflation-related analyses which comprised the section's second focus. Finally, the third segment will discuss the similarities and differences encountered in the two phases of analysis.

Retirement Timing

In general, employers do not evidence expectations of widespread movements toward the lengthening of worklives by their older employees. In

no analysis did more than 30% of the responding informants predict that more than 5% of their workers would stay on the job past the commonly accepted time of retirement.

Of interest in this context is the discrepancy which exists between firms which had mandatory retirement provisions prior to the ADEA amendments and those which did not. Generally, members of the latter group could be expected to have actually encountered prolonged worklives in practice, while the former group would not have by virtue of its mandatory retirement policies. Consistently throughout the analyses, respondents from firms without prior mandatory retirement practices evidenced more conservative expectations with respect to the incidence of lengthened worklife than did firms with prior mandatory retirement. If experience tends to support this relative conservatism, then it would seem likely that firms without prior experience with workers who could continue at their jobs may well be overestimating the potential impacts of the ADEA amendments.

Also important is the differential impact of the ADEA amendments on various segments of the economy: it is possible that certain defined sectors of the economy might be more affected than others. In fact, however, the analyses did not support this expectation when the economy is subclassified by industry or by geographic region. At least with respect to these methods of identifying laborforce components, the direct effects of ADEA will likely be relatively uniformly perceived throughout the economy.

Size of the employing organization was found to be associated with informants' expectations as they related to altered retirement timing after the passage of the ADEA amendments. Generally, larger firms expect greater effects from the legislation than do smaller firms. In part, this finding may reflect the association cited above with respect to firms' previous

mandatory retirement policies, but it is unlikely that this alone accounts for much of the differences encountered among the different size classifications. Nor do job types as reflected in white-collar/blue-collar distinctions appear to be an important factor in informants' predictions, with response patterns evidencing considerable similarity between the two groups.

Overall, the data analyzed here seem to indicate that the immediate response of older workers to the ADEA Amendments of 1978 will likely be light, and will occur with relatively constant incidence throughout the economy.

Responses to Inflation

Respondents predicted overwhelmingly that prolonged inflation would prompt changes in workers' plans for retirement: 80% of the survey's respondents predicted that their workers would alter their retirement plans if high rates of inflation were to continue. Of these, over 40% predict that workers will remain on the job past the age associated with normal retirement.

To the extent that continued inflation impacts upon the retirement practices of retirees, it would appear from the data that the impacts will tend to be distributed unequally between geographic regions and industries. In general, respondents in New England and the West South Central regions of the country (as defined by the Census Bureau) predict with highest frequency that retirees under conditions of prolonged inflation will continue on the job past the normal retirement age. The Southeast quadrant of the country, including the South Atlantic, East South Central, and West South Central regions, will see the greatest changes in retirement patterns generally, as predicted by respondents. Alternatively, respondents from the West North Central region predict stability in retirement patterns in

spite of inflation with higher frequency than any other region.

Against this regional background, it is interesting that no industry predominates in predictions of workers' remaining on the job past the age of normal retirement, although respondents in Mining and Transportation, Communications and Utilities report this expectation much less frequently than the national average. Similarly, no industry deviates substantially from the national norm in predictions of unchanged retirement patterns in prolonged inflation.

Conclusion

Perhaps the most interesting finding of this series of analyses lies in the fact that the patterns evidenced in the responses to the two basic questions, pertaining to retirement timing on the one hand and to responses to inflation on the other, were different. With respect to the former, regional and industrial distinctions played little if any role in informants' responses, while in discussing inflation marked differences surfaced with respect to both variables. When addressing the timing of retirement, organizational size was found to share virtually linear associations with predicted incidences of extended worklife, while in the inflation-related analyses organizational size was found to evidence non-linear associations with the frequencies with which the different alternatives were cited.

These differences would seem to draw attention to the fact that retirement timing as an ongoing, current phenomenon is not closely associated with inflation in the minds of respondents. If this is the case, then it would seem plausible that the full impacts of ADEA will not be perceived until retirement timing and inflation are, in fact, closely related phenomena in the minds of employers and, of greater relevance, in the minds of potential retirees.

In the short run, this discrepancy may well signal difficult times ahead for today's retirees. Those workers who retired ten years ago have seen the values of their fixed pensions and liquid assets drop by 50% with an average annual inflation rate of 6.7%. Today's retirees will enter their non-working years with an inflation rate predicted to exceed 13%. The implications for the long-term welfare of today's new retirees are ominous.

It is difficult to address the longer run implications of these analyses. If the rate of inflation declines to more tenable levels, it is possible that discrepencies will always separate retirement timing issues from those relating to inflation. If not, the nation will very likely realize the full impacts of the 1978 ADEA amendments at that time when issues of retirement and inflation trigger the same patterns of thought and response.